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#### PSC APPROVES INCREASE IN US WEST PHONE RATES

US West Communications' residential customers' phone rates will go up in March but caller ID and related phone services will be deployed this summer in Havre, Forsyth, Miles City, Terry and Lewistown as a result of the Public Service Commission's recent decision to approve new depreciation rates for US West.

The PSC approved an agreement proposed by US West and the Montana Consumer Counsel under which basic residential flat-rate phone service increased by 76 cents on March 2 and will go up by another 39 cents on June 1, 1998. Business flat-rate service will increase by \$1.15 on June 1, 1998. The June 1998 increases are contingent on satisfactory performance by US West in compliance with the settlement agreed to by the PSC and US West to end the PSC's 1994 service quality lawsuit against the company.

US West requested the new depreciation rates pursuant to the service quality lawsuit settlement. Under the terms of that settlement, US West stated its intention to request higher residential rates to recover the approximately \$4.4 million in additional annual revenue the company claimed was necessary to reflect increased depreciation rates prescribed by the Federal Communications Commission. The settlement required US West to deploy caller ID and related services to more Montana towns if the PSC approved the company's depreciation filing.

When its depreciation case was filed with the PSC last August, the company proposed to increase the basic residential rate by \$1.56 per month to generate the additional \$4.4 million in revenue. However, US West and the Montana Consumer Counsel, which represents residential and small business customers in matters before the PSC, entered into a stipulated agreement to settle the case under which approximately three-quarters of the increase would be reflected in the residential rate and one-quarter of the increase in the business rate.

If US West meets the service performance targets mandated by the service quality settlement agreement, which will trigger the June 1998 rate increases to take effect, then US West will deploy caller ID and related services in 14 more Montana towns (Hamilton, Corvallis, Darby, Stevensville, Victor, Shelby, East Glacier, West Glacier, St. Mary, Cut Bank, Glendive, Wibaux, Fairview and Sidney).

The Commission voted 4-1 in favor of approving the USWC/MCC agreement, with Bob Rowe dissenting on the grounds this was a single-issue filing which considered one cost increase without considering other possible offsetting cost changes.

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